

Message Text

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72

ACTION NEA-12

INFO OCT-01 EUR-25 ADP-00 AGR-20 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 TAR-02 PA-03 PRS-01 USIA-15 RSR-01 /188 W

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R 171815Z AUG 73

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 6237

INFO AMEMBASSY ISLAMABAD

AMEMBASSY KATHMANDU

AMEMBASSY LONDON

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, IN

SUBJECT: WEEKLY FOODGRAIN SITUATION

REF: NEW DELHI 9332

BEGIN SUMMARY - NEWS MEDIA COVERAGE OF FOOD SITUATION IN INDIA WAS RELATIVELY LIGHT DURING PAST WEEK IN SPITE OF GRADUAL WORSENING OF FOODGRAIN SITUATION. PRESIDENT GIRI AND PRIME MINISTER GANDHI, IN INDEPENDENCE DAY SPEECHES, WARNED HOARDERS AND PROFITEERS OF STERN ACTION AGAINST THEIR ANTI-SOCIAL ACTIVITIES. MONSOON ACTIVITY CONTINUED TO BE VIGOROUS THROUGHOUT MOST OF INDIA CAUSING FLOOD DAMAGE IN SOME AREAS BUT IMPROVING CONSIDERABLY PROSPECTS FOR THIS YEAR'S FALL HARVEST. AFTER RECENT PURCHASES OF LIMITED OFFICIAL USE

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ABOUT 2 MILLION TONS OF FOODGRAINS IN OVERSEAS MARKETS,

THE GOI HAS NOW SUSPENDED, AT LEAST TEMPORARILY, FOODGRAIN PURCHASES FROM ABROAD BECAUSE OF HIGH PRICES. END SUMMARY.

1. NEWS MEDIA COVERAGE OF FOOD SITUATION IN INDIA RELATIVELY LIGHT DURING PAST WEEK IN SPITE OF GRADUAL WORSENING OF FOODGRAIN SITUATION. AGITATION AND DEMONSTRATIONS AGAINST INADEQUATE SUPPLY AND HIGH PRICES OF FOOD CONTINUED IN SEVERAL AREAS OF INDIA INCLUDING NEW DELHI. HOWEVER, NO SERIOUS FOOD RIOTS WERE REPORTED.

2. MONSOON ACTIVITY CONTINUED TO BE VIGOROUS THROUGHOUT MOST OF INDIA. IN FACT EXCESSIVE RAINFALL AND FLOODING HAS CAUSED CONSIDERABLE DAMAGE TO CROPS IN PARTS OF JAMMU AND KASHMIR, HIMACHAL PRADESH, PUNJAB, UTTAR PRADESH, BIHAR AND ASSAM. ON THE OTHER HAND, THE WIDESPREAD RAINS OF RECENT WEEKS HAVE HAD A FAVORABLE PSYCHOLOGICAL EFFECT ON MOST INDIANS AND HAVE IMPROVED CONSIDERABLY CROP PROSPECTS IN NON-FLOODED AREAS. INCREASED PRODUCTION OF VEGETABLE CROPS THROUGHOUT RURAL AREAS IS PLAYING AN IMPORTANT ROLE IN HELPING TO ALLEVIATE OVERALL FOOD SHORTAGE PROBLEM.

3. THERE HAS BEEN MOUNTING CRITICISM OVER THE GOVERNMENT'S DELAY IN OVERSEAS PURCHASES OF FOODGRAINS WHICH RESULTED IN AN EXCESSIVE DRAIN OF INDIA'S FOREIGN EXCHANGE RESERVES. DURING THE PAST WEEK THIS SUBJECT WAS DEBATED IN PARLIAMENT AND IN THE CONGRESS PARLIAMENTARY PARTY MEETING. IN PARLIAMENTARY DEBATE MINISTER OF STATE FOR AGRICULTURE SHINDE, AFTER MUCH PRODDING, STATED THAT INDIA HAD RECENTLY PURCHASED ABOUT 2 MILLION TONS OF FOODGRAINS BUT HE REFUSED FOR "NATIONAL SECURITY REASONS" TO DIVULGE THE TOTAL QUANTITY OF CONTEMPLATED IMPORTS.

4. A FRONT-PAGE REPORT APPEARING IN ONE OF THE LEADING LOCAL DAILY NEWSPAPERS ON AUGUST 17 ALLEGED THAT A SUBSTANTIAL PART OF THE IMPORTED FOODGRAINS BECOMES UNFIT FOR HUMAN CONSUMPTION BEFORE IT REACHES INDIAN PORTS. THE REPORT, QUOTING HIGHLY INFORMED SOURCES, ATTRIBUTES THE POOR QUALITY OF THE IMPORTED GRAIN IN PART TO THE DAMAGE LIMITED OFFICIAL USE

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CAUSED DURING TRANSIT IN OLD AND LEAKY VESSELS CHARTERED BY THE GOI AT CHEAP RATES.

5. GOI OFFICIALS ADMIT THEY HAVE CEASED, AT LEAST TEMPORARILY, FOODGRAIN PROCUREMENT EFFORTS IN FOREIGN MARKETS BECAUSE OF HIGH WORLD PRICES. THESE OFFICIALS REALIZE THAT THIS DECISION MEANS MORE BELT-TIGHTENING IN THE WEEKS AHEAD BUT HOPE IT WILL BE POSSIBLE TO SQUEEZE THROUGH WITH THE

LIMITED SUPPLIES NOW AVAILABLE PLUS IMPORTS THAT WILL ARRIVE PRIOR TO NOVEMBER 1. A MINIMUM OF 1 MILLION TONS OF RECENTLY PURCHASED FOODGRAINS IS EXPECTED TO ARRIVE PRIOR TO NOVEMBER 1.

6. IN INDEPENDENCE DAY SPEECHES PRESIDENT GIRI AND PRIME MINISTER GANDHI WERE HIGHLY CRITICAL OF HOARDERS AND PROFITEERS WHO ARE TAKING ADVANTAGE OF THE PRESENT TIGHT FOOD SITUATION AND WARNED THAT STERN ACTION WOULD BE TAKEN AGAINST PERSONS PARTICIPATING IN SUCH ANTI-SOCIAL PRACTICES. DEFENCE OF INDIA RULES (DIR) ARE BEING INVOKED AGAINST HOARDERS OF FOOD AND OTHER ESSENTIAL COMMODITIES. SOME STATES HAVE ESTABLISHED OR ARE IN THE PROCESS OF ESTABLISHING RETAIL PRICES OF FOOD COMMODITIES UNDER THE DIR WHICH PROVIDE FOR SEVERE PUNISHMENT TO VIOLATORS.

7. COMMENTS - ONE IMPORTANT REASON FOR RECENT SUSPENSION OF OVERSEAS PURCHASES OF FOODGRAINS, IN ADDITION TO FOREIGN EXCHANGE PROBLEM, IS SHARP CRITICISM WITHIN INDIA FOR PAYING FOREIGN PRODUCERS TWICE AS MUCH FOR FOODGRAIN IMPORTS AS THEY PAID TO INDIAN FARMERS. IT IS ALSO POINTED OUT BY THE CRITICS THAT THESE PAYMENTS INVOLVE FOREIGN EXCHANGE INSTEAD OF LOCAL CURRENCY. GOI OFFICIALS IN THE MINISTRY OF AGRICULTURE ARE KEENLY AWARE OF THE ACUTE FOOD SHARTAGE AND THE FACT THAT PER CAPITA FOODGRAIN SUPPLIES WILL BECOME EVEN MORE LIMITED IN THE WEEKS AHEAD. THEY HOPE, HOWEVER, THAT FURTHER REDUCTIONS IN FOODGRAIN RATIONS WILL BE OVERCOME IN PART BY AN INCREASE IN THE SUPPLY OF QUICK GROWING CROPS SUCH AS VEGETABLES. THEY ALSO BELIEVE THAT THE GOOD MONSOON, WHICH INDICATES A GOOD HARVEST OF FALL GRAIN CROPS, WILL ENCOURAGE HOARDERS TO RELEASE SOME STOCKS NOW BEING WITHHELD FROM THE MARKET.

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Message Attributes

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